

# annual report

**2002-2003**



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# **RDB INDUSTRIES LIMITED**

## **ANNUAL REPORT 2002-2003**

### **BOARD OF DIRECTORS**

MR. SUNDER LAL DUGAR  
(Chairman & Managing Director)  
MR. ISHWAR CHAND PARAKH  
MR. KRISHNA GOPAL SINHA  
MR. RAJENDRA KUMAR BARADIA  
MR. RAVI PRAKASH PINCHA

### **BOARD COMMITTEES**

#### **Audit Committee**

MR. RAJENDRA KUMAR BARADIA (Chairman)  
MR. ISHWAR CHAND PARAKH (Member)  
MR. RAVI PRAKASH PINCHA (Member)

#### **Share Transfer Committee/Investor Grievance Committee**

MR. RAVI PRAKASH PINCHA (Chairman)  
MR. KRISHNA GOPAL SINHA (Member)  
MR. ISHWAR CHAND PARAKH (Member)

#### **Remuneration Committee**

MR. KRISHNA GOPAL SINHA (Chairman)  
MR. RAJENDRA KUMAR BARADIA (Member)  
MR. ISHWAR CHAND PARAKH (Member)

### **COMPANY SECRETARY**

MR. DEEPAK KUMAR HOTA

### **AUDITORS**

M/S. SIPANI & SIPANI  
29A, RABINDRA SARANI, KOLKATA-700 073

### **SHARE TRANSFER AGENTS (PHYSICAL & ELECTRONIC)**

IIT CORPORATE SERVICES LIMITED  
64'65, STEPHEN HOUSE  
4, B B D BAGH, KOLKATA-700 001

### **REGD. OFFICE**

"BIKANER BUILDING"  
8/1, LAL BAZAR STREET  
KOLKATA-700 001

RDB INDUSTRIES LIMITED

**NOTICE**

Notice is hereby given that the Twelfth Annual General Meeting of Shareholders of R D B Industries Limited will be held on Monday, 25th August, 2003 at 10.00 A.M. at Factory Complex of New Tobacco Company Ltd., Barrackpore Trunk Road, P.O. Kamarhati, Kolkata – 700058 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet of the company as at 31st March, 2003 and the Profit and Loss Account for the year ended as on that date and the report of the Board of Directors and of the Company's Auditors.
2. To appoint a Director in place of Sri R. P. Pincha who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and fix their remuneration and for this purpose to consider and, if thought fit to pass with or without modification the following resolution :

“RESOLVED that pursuant to the provisions of section 224 of the Companies Act, 1956, M/s. Sipani & Sipani, Chartered Accountants be and is hereby appointed as auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company at a remuneration to be decided mutually between the Board of Directors and the Auditors.”

Place : Kolkata

Dated : 30th June, 2003

For &amp; on behalf of the Board

**D. K. HOTA***Company Secretary***NOTES :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies, in order to be effective, should be completed, stamped and signed and must be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
3. The Register of members of the company and share transfer book will remain closed from 18th August, 2003 to 25th August, 2003 (both days inclusive).
4. Members who have multiple registered folios in identical order on name(s) are requested to write to the Company quoting their registered folio no.(s) and enclosing their Share Certificate for consolidation of all such shareholding into one registered folio to facilitate better service.
5. Members are requested to bring the attendance slips along with copies of Annual Report to the Meeting.
6. Members who hold shares in Dematerialised form are requested to indicate without fail their DPID and Client ID numbers in attendance slip.
7. Members intending to require information about accounts to be explained at the meeting are requested to write to the Company at least 10 days in advance of the Annual General Meeting.
8. Notice of change of address must reach the Company's registrar and Share Transfer Agents : IIT Corporate Services Limited, 4th Floor, 4, BBD Bag, Kolkata – 700 001.

## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S GOVERNANCE PHILOSOPHY

RDB defines "CORPORATE GOVERNANCE as a process and structure by which the business and affairs of the company are directed and managed in order to enhance long-term shareholder value through enhancing corporate performance and accountability, whilst taking into account the interest of other stakeholders.

### BOARD OF DIRECTORS

In terms of the Company's Corporate Governance policy, all statutory & other significant and material information are placed before the Board to enable it to discharge its responsibilities of supervision of the company as trustees of the shareholders.

#### Composition

The RDB's Board consists of executive and non-executive Directors which represents a balanced and 80% of the total directors is non-executive and independent.

#### Composition of Board of Directors

Category	No. of Directors	% age of total No. of Directors
Executive Directors	1	20
Non-Executive Independent Directors	4	80
Total	5	100

The following is the composition of the Board as on 31st March, 2003 :-

Director	Category	No. of other Directorship	No. of Membership/Chairmanship of Board Committee
S.L.Dugar	Chairman & Managing Director	2*	Nil
I.C.Parakh	Director	Nil	2
K.G.Sinha	Director	Nil	1
R.K.Baradia	Director	Nil*	1 (Chairman of Audit Committee)
R.P.Pincha	Director	Nil*	3 (Chairman of Share Transfer Committee and Remuneration Committee)

\*Excludes Directorship in Indian Private Limited Companies.

### Meetings and Attendance

The Company's Corporate Governance Policy requires the Board to meet at least six times in a year. As against this, during the financial year ended 31st March, 2003 eight meetings of the Board were held. The intervening period between two Board meetings was well within the maximum time gap of four months prescribed under clause 49 of the Listing Agreement.

### BOARD AGENDA

The Annual Calendar of meetings is agreed upon at the beginning of the each year. Meetings are governed by a structured Agenda. The Board members in consultation with the chairman may bring up any matter for the consideration of the Board. All major issues included in the agenda are backed by the comprehensive background information to enable the Board to take informed decisions.

## RDB INDUSTRIES LIMITED

## Details of Board Meetings held during the Financial Year

Sl.No.	Date	Board Strength	No. of Directors present
1	24.04.2002	5	5
2	24.06.2002	5	5
3	29.06.2002	5	5
4	30.07.2002	5	5
5	31.10.2002	5	5
6	31.12.2002	5	5
7	31.01.2003	5	5
8	15.03.2003	5	5

## Attendance of Directors at Board Meetings and at Annual General Meeting (AGM )

Name of Director	No. of Board Meetings attended	Attendance at last AGM
S.L.Dugar	8	yes
K.G.Sinha	8	yes
I.C.Parakh	8	yes
R.P.Pincha	8	yes
R.K.Baradia	8	yes

## Shareholding of the Directors in the company as on 31st March, 2003

Name of Director	No. of Equity Shares of Rs. 10/- each held in the company singly and/or jointly
S.L.Dugar	484600
K.G.Sinha	Nil
I.C.Parakh	Nil
R.P.Pincha	4100
R.K.Baradia	Nil

## Committees of the Board

The Board of Directors has constituted three Committees of the Board – namely the Audit Committee under section 292A of the Companies Act, 1956, the Remuneration Committee & the Share Transfer Committee as Investor Grievances committee under clause 49 of the Listing Agreement. The terms of reference of the Board Committees are determined from time to time. The respective Chairman convenes meetings of the Board Committees. Signed minutes of Board Committee Meetings are placed for the information of the Board. Matters requiring Board's approval are placed in the form of a note to the Board from the respective Committee Chairman. The role and composition of these Committees including the number of meetings held and the related attendance is as follows:-

- A) **The Audit Committee** of the company, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures :-
- Efficiency and effectiveness of operations.
  - Safeguarding of assets and adequacy of provisions for all liabilities.
  - Reliability of financial and other management information and adequacy of disclosures.



- Compliance with all relevant statutes.
- The Audit Committee is empowered, pursuant to its terms of reference, inter alia, to:
- Investigate any activity within its terms of reference and to seek any information it requires from any employee:
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

**The role of Audit Committee includes :-**

- a) Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient;
- b) Recommending the appointment and removal of auditors, fixation of audit fee and approval of payment of fees for any other services rendered by the auditors;
- c) Reviewing with the management the annual financial statements before submission to the Board;
  - ❖ Any changes in accounting policies and practices
  - ❖ Major accounting entries based on exercise of judgment by management
  - ❖ Qualification in the draft audit report
  - ❖ Significant adjustments arising out of audit
  - ❖ The going concern assumption
  - ❖ Compliance with accounting standards
  - ❖ Compliance with stock Exchange and legal requirements concerning financial statements
  - ❖ Any related party transactions
- d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems;
- e) Reviewing the company's financial and risk management policies;
- f) Looking into the reasons for substantial defaults, if any, in payment to the shareholders (in case of non-payment of declared dividends) and creditors;
- g) Considering such other topics as may be required by the Board;
- h) Reviewing any other areas, which may be specified as role of the Audit Committee under amendments, if any, from time to time, to the listing agreement, Companies Act and other statutes.

**Composition**

The Audit Committee comprises three non-Executive Directors and all are independent. The general manager (finance) being the head of the finance department, Internal Auditors and Statutory Auditors are permanent invitees to the Audit Committee. And the company secretary is the secretary to the Committee. The Chairman of the Committee is a Non-Executive Independent Director.

The names of the members of the Audit Committee, including its chairman, are provided elsewhere in the report and Accounts.

**Details of Audit Committee Meetings held during the Financial Year**

Sl.No.	Date	Committee Strength	No. of Members present
1	30.05.2002	3	3
2	20.07.2002	3	3
3	20.10.2002	3	3
4	20.01.2003	3	3
5	15.03.2003	3	3

## RDB INDUSTRIES LIMITED

**Attendance of Audit Committee Meetings**

Director	No. of Meetings held and attended
R. K. Baradia	5
I. C. Parakh	5
R. P. Pincha	5

**B) Remuneration Committee**

Remuneration Committee of the company recommends to the Board of Directors the compensation terms of the seniormost level of the management. The committee has also the responsibility for administration of disbursement of salary and framing of pay structure of the entire organization.

**Composition**

The Remuneration committee comprises three non-Executive Directors and all are independent. The Chairman of the Committee is a Non-Executive Independent Director.

The names of the members of the Remuneration Committee, including its chairman, are provided elsewhere in the report and Accounts.

**Details of the Remuneration Committee meetings held during the financial year**

Sl. No.	Date	Committee Strength	No. of Members present
1	15.04.2002	3	3
2	03.08.2002	3	3

**Attendance at the Remuneration Committee meetings**

Director	No. of Meetings attended
K.G. Sinha	2
R.K. Baradia	2
I.C. Parakh	2

**Remuneration of Directors**

The recommendations of Remuneration Committee are considered and approved by the Board subject to compliance with different laws as applicable and shareholders whenever required.

**Details of remuneration of the Directors for the financial year ended 31st March, 2003**

(Rs. in Lakhs)

Director	Consolidated Salary	Perquisites & other benefits	Sitting Fees	Total
S.L.Dugar	3.60	0.96	Nil	4.56
K.G.Sinha	Nil	Nil	Nil	Nil
I.C.Parakh	Nil	Nil	Nil	Nil
R.P.Pincha	Nil	Nil	Nil	Nil
R.K.Baradia	Nil	Nil	Nil	Nil

**Service Contracts and Notice Period**

The appointment of executive directors is governed by the resolutions passed by the Board of Directors and the shareholders of the company, which covers the terms and conditions of such appointment. A separate service contract is not entered into by the company with those elevated to the Board from the management cadre. A Director seeking to vacate office is required to give a notice of one month and the resignation takes effect upon the expiration of such notice or its earlier acceptance by the Board.



**C) Investors Grievance Committee**

The Investor Grievance Committee of the Company, under the nomenclature of "Share Transfer Committee" oversees redressal of shareholders and investor grievances, and approves sub-division/transmission of shares, issue of duplicate share certificates etc.

**Composition**

The Investors Grievance committee comprises three non-Executive Directors and all are independent. The Chairman of the Committee is a Non-Executive Independent Director.

The names of the members of the Investors Grievance Committee, including its chairman, are provided elsewhere in the report and Accounts.

Details of the Investor Grievance Committee meetings held during the financial year

Sl. No.	Date	Committee Strength	No. of Members present
1	11.04.2002	3	3
2	24.04.2002	3	3
3	10.05.2002	3	3
4	31.05.2002	3	3
5	14.06.2002	3	3
6	27.06.2002	3	3
7	12.07.2002	3	3
8	26.07.2002	3	3
9	09.08.2002	3	3
10	07.09.2002	3	3
11	03.10.2002	3	3
12	31.10.2002	3	3
13	10.12.2002	3	3
14	03.01.2003	3	3
15	24.01.2003	3	3
16	07.02.2003	3	3
17	28.02.2003	3	3
18	17.03.2003	3	3
19	31.03.2003	3	3

**Attendance at the Investors Grievance Committee meetings**

Director	No. of Meetings attended
R. P. Pincha	19
I.C.Parakh	19
K.G.Sinha	19

**Disclosures**

Materially significant related party transactions which may have potential conflict with the interests of the company at large – **None**.

**RDB INDUSTRIES LIMITED**

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Details of non-compliances, penalties, and strictures by stock exchanges/SEBI/Statutory Authorities on any matter related to capital markets during the last three years.

Trading of shares of the company was suspended by Mumbai Stock Exchange from 03/07/2000 to 02/07/2002 for the violation of non-compliance of clause 16 of Listing Agreement. However, after complying all pre-conditions Mumbai stock exchange was pleased to withdraw the notice of suspension from 03.07.2002 with payment of reinstatement fee UNDER PROTEST Rs. 30,000/-.

**Availability of SEBI Regularisation Scheme - 2002**

Company has availed the above scheme by complying regulation 6 & 8 of SEBI (Substantial Acquisition of shares & Takeover) rules, 1997 with payment of Rs. 80000/- to the Securities Exchange & Board of India.

**PECUNIARY RELATIONSHIPS OR TRANSACTIONS WITH NON-EXECUTIVE DIRECTORS — NONE****Means of Communication**

Timely disclosure of consistent, comparable, relevant information is followed regularly. Quarterly results of the company were announced within a month of the end of each quarter and the Audited Annual results were announced within three months of the end of the financial year, such results were published, either in 'Business Standard' or 'The Asian Age' and the Local daily 'Kalantar' from KOLKATA.

As in the past, the company will be publishing its quarterly, half-yearly and annual financial results in the newspapers publishing from Kolkata as the registered office of the company is situated at Kolkata. The report of the Directors, forming part of the Report and Accounts, includes all aspects of the Management Discussion and Analysis Report.

**General Shareholder Information**

Provided in the 'Shareholder Information' section of the Report and Accounts.

**Compliance Certificate of the Auditors**

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed to the Report of the Directors & Management Discussion and Analysis. The Certificate from the Statutory Auditors will also be sent to the Stock Exchanges alongwith the Annual Return to be filed by the Company.

**SHAREHOLDER INFORMATION****AGM DETAILS**

Date	25th August, 2003
Time	10.00 A.M.
Venue	N.T.C.Factory Complex, B.T. Road, Kamarhati, Kolkata-700 058.
Book Closure Date	18.08.2003 to 25.08.2003 (Both days inclusive)

**REGISTRAR & SHARE TRANSFER AGENTS**

Name & Address :

IIT CORPORATE SERVICES LIMITED  
64/65, STEPHEN HOUSE  
4, B.B.D. BAG, KOLKATA-700 001

All share Transfer activities are done by the RTA which a category II Share Transfer Agent. Therefore, all correspondences should be made to the address mentioned above. Shareholders holding shares in the electronic form should address their correspondence to their respective Depository Participants.